

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

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TO SECSTATE WASHDC NIACT IMMEDIATE 7605

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DEPT PASS LABOR

EO 11652: NA

TAGS: ELAB MX

SUBJECT: EXTRAORDINARY GENERAL WAGE INCREASE SETTLEMENT

REF MEXICO 12297

1. EMBOFFS WERE BRIEFED SEPT 24 ON SUBJECT BY MEXICAN LAWYER WHO IS CHAIRMAN OF AMERICAN CHAMBER OF COMMERCE LABOR COMMITTEE. DESCRIPTION FOLLOWS:

2. SETTLEMENT WHOSE OUTLINE GIVEN REFTEL (NOTE: INCREASE FOR MIDDLE CATEGORY IS 21 PERCENT, NOT 20 PERCENT) IS EXTRA-ORDINARY GENERAL WAGE INCREASE INTENDED TO OFFSET DETERIOR-ATION IN PURCHASING POWER RESULTING FROM PESO FLOAT. IT IS RETROACTIVE TO SEPT. 1. SETTLEMENT IS RECOMMENDATION OF PRESIDENT ECEVERRIA REQUESTED BY PRIVATE SECTOR AND LABOR, WHO TOLD PRESIDENT THEY COULD NOT AGREE ON AMOUNTS OF INCREASES. PRIVATE SECTOR IS NOT UNDER LEGAL OBLIGATION TO ACCEPT PRESIDENT'S RECOMMENDATION, BUT MOST, OF COURSE, WILL. THOSE WHO SAY THEY CANNOT PAY THESE INCREASES (AND ACCORDING TO SEPT 24 AFTERNOON PAPERS, SOME BUSINESSES ARE SAYING THEY CANNOT) WILL CONTINUE TO

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NEGOTIATE WITH UNIONS UNDER THREAT OF STRIKE NOTICES

TO TAKE EFFECT MID-DAY SEPT 28. LAWYER THOUGHT SOME OF THESE FIRMS WERE IN DANGER OF BANKRUPTCY AND POSSIBLY WOULD BE SUCCESSFUL IN NEGOTIATING INCREASES SLIGHTLY LOWER THAN THOSE RECOMMENDED BY THE PRESIDENT. PRESIDENT'S RECOMMENDATIONS APPLY ONLY TO WORKERS WITH COLLECTIVE CONTRACT. NONETHELESS, PRIVATE SECTOR WILL BE UNDER PRESSURE TO GRANT SIMILAR WAGE INCREASES TO NON-UNIONIZED WORKERS.

3. LEFT EMPORARILY PENDING IS DELIBERATION OF NATIONAL MINIMUM SALARY COMMISSION, WHICH WAS CALLED INTO EXTRA-ORDINARY SESSION BY ACT OF CONGRESS TO DETERMINE UPWARD ADJUSTMENT IN NATIONAL MINIMUM SALARY TO BE EFFECTIVE PERIOD OCT. 1-DEC. 3331. SOURCE SAID ITS DECISION IS EXPECTED NEXT WEEK AND WILL PROBABLY FOLLOW PRESIDENT'S RECOMMENDATIONS, I.E., THAT ITS NET EFFECT WILL BE NIL. HOWEVER, NATIONNAL MINIMUM SALARY COMMISSION WILL MEET AS REGULARLY SCHEDULED IN LATE DECEMBER TO DETERMINE ANNUAL MINIMUM SALARY ADJUSTMENT TO TAKE EFFECT JANUARY 1, 1977.

4. ALSO STILL PENDING IS ANNOUNCEMENT PROMISED BY PRESIDENT ECHEVERRIA IN SEPT 1 INFORME OF EXTRAORDINARY INCREASE FOR ARMED FORCES AND GOVERNMENT WORKERS. SOURCE SAID AMOUNT OF THAT INCREASE IS EXPECTED TO FOLLOW CLOSELY PRESIDENT'S RECOMMENDATIONS FOR EXTRAORDINARY GENERAL WAGE INCREASE, ALTHOUGH IT MIGHT BE A PERCENTAGE POINT OR TWO HIGHER.

5. ALSO SEPARATE ARE ANNUAL COLLECTIVE CONTRACT NEGOTIATIONS, THE TIMING OF WHICH VARY FROM COMPANY TO COMPANY. SOME BEGIN NEXT WEEK, M OTHERS NOT UNTIL LATE NEXT SUMMER.

6. SOURCE SAID PRIVATE SECTOR HAD TRIED TO HAVE PRESIDENT INCLUDE IN HIS RECOMMENDATIONS ANNOUNCEMENT OF ACCOMPANYING FISCAL MEASURES. IN THIS THEY FAILED, BUT SIC CAMPILLO SAINZ IS REPORTED BY AFTERNOON PRESS TO HAVE ANNOUNCED THAT ARTICLES ALREADY SUBJECT TO PRICE CONTROLS (ABOUT 80 WILL BE PERMITTED 10 PERCENT PRICE INCREASE. SOURCE SAID IT WAS ALSO EXPECTED THAT ABOUT 100 ARTICLES WILL BE ADDED LIMITED OFFICIAL USE

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TO PRICE CONTROL LIST.
THOMPSON

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